EXHIBIT A

EXPERT WITNESS REPORT

Gil A. Miller, Trustee of the Randall Victims Private Actions Trust

v.

Union Central Life Insurance Company, et. al.

Case 2:14-cv-00575

Submitted by:

James T. Wood, CPA/CFF, CFE

Principal

Date of Report:

August 10, 2017

A. INTRODUCTION

Lone Peak Valuation Group[1] has been engaged to review and respond to the Expert Report and Disclosure of Gil A. Miller dated June 26, 2017. This report is intended to provide my opinions and the bases for the opinions required pursuant to Federal Rule 26(a)(2)(B) of the Federal Rules of Civil Procedure.

The opinions and findings expressed herein are based on my work to date, documents produced in this case, and my experience. The information I have reviewed or relied on is itemized in Appendix A and is referenced in the footnotes to this report. I may supplement, update, or otherwise modify this report at a later date based on additional documents or information produced during the proceedings of this matter.

The opinions contained herein are given to a reasonable degree of professional certainty and have been conducted using conventional methodologies. This report has been prepared solely in connection with the litigation referenced herein and is intended for no other use.

B. QUALIFICATIONS

I am a Principal of Lone Peak Valuation Group. Prior to joining Lone Peak, I was a Managing Director with the StoneTurn Group, where I led investigation and consulting engagements. Before StoneTurn, I was a Supervisory Forensic Accountant at the Federal Bureau of Investigation in both Salt Lake City and Washington, D.C. While in Washington, I headed the agency's Forensic Accountant Support Team at FBI headquarters. I began my career in the forensics practice at PricewaterhouseCoopers. I have over nine years of experience in conducting forensic accounting and fraud investigations, and am a Certified Public Accountant, Certified in Financial Forensics by the American Institute of Certified Public Accountants, and a Certified Fraud Examiner. I have also taught and/or currently teach courses as an adjunct instructor in financial accounting, auditing, and forensic accounting at American University, The

[1] This engagement, as with all of Lone Peak's engagements, has been completed through the efforts of multiple individuals. Because I intend to testify regarding the opinions described in this report, I have typically used singular pronouns such as "me," "I," etc. to describe the basis for these opinions. This is not meant, however, to suggest that this report is a result of only my own efforts.

George Washington University, and the University of Utah. Appendix B contains a copy of my Curriculum Vitae detailing my qualifications, publications, speeches, and prior testimony.

C. COMPENSATION

Lone Peak is being compensated for work in this matter at its current standard hourly rates charged for each person working on the project. Lone Peak's rates range from $45 to $255 per hour. No part of Lone Peak's compensation is dependent on the outcome of this litigation.

D. BACKGROUND

The following is a summary of the salient events leading up to this litigation. This section is not meant to be testimony regarding the factual background of the case, but merely serves as a frame of reference for the opinions that follow this section.

1. Plaintiff

The plaintiff, Gil A. Miller, Chapter 11 Trustee (the "Trustee") is the Chapter 11 bankruptcy trustee for the consolidated estates of Dee Allen Randall and the Randall Victims Private Actions Trust ("PAT"); Horizon Mortgage and Investment, Inc. ("Horizon Mortgage"); Horizon Financial & Insurance Group Inc. ("Horizon Insurance"); Horizon Auto Financing, LLC ("Horizon Auto"); Independent Commercial Lending, LLC ("Independent Commercial"); and Horizon Financial Center I, LLC ("Horizon Financial Center") (collectively, the "Debtors" or the "Randall Enterprise").

2. Defendant

The Union Central Life Insurance Company ("Union Central") is a life insurance underwriter for which Horizon Insurance was a general agent.

3. Events leading to this litigation

Union Central entered into a general agency agreement ("Agency Agreement") with Horizon Insurance on February 28, 2000. The Trustee claims that Union Central was integral to the sustaining of the Randall Enterprise Ponzi Scheme and was negligent in what the Trustee has called Union Central's "hiring, supervision and retention" of Mr. Randall and is therefore liable

for losses sustained by PAT investors as well as premiums paid on certain Union Central insurance policies, sold through Horizon Insurance. The Trustee also alleges that Union Central knew or should have known that Horizon Mortgage was increasingly insolvent and operating with the characteristics of a Ponzi prior to its collapse.

E. SCOPE

I have been asked to analyze and respond to Mr. Miller's opinions and calculations, explain alternative economic loss models to correct for flaws and errors in Mr. Miller's calculations, and to prepare alternative economic loss calculations using the correct economic loss models as they relate to the claims in this case.

The Trustee claims that PAT members have incurred significant damage as a result of the negligence of Union Central in "hiring, supervising, and retaining" Horizon Insurance, allowing the Randall Enterprise Ponzi scheme to continue to operate until the Trustee caused the Randall Entities to file Bankruptcy on October 12, 2011.[2] The Trustee also claims Union Central's actions or inactions violated Utah State Securities laws. Mr. Miller has elected to measure the economic impact of such claims himself.

Mr. Miller's economic loss opinions can be summarized as follows:

1) PAT members' total losses June 7, 1996 through July 31, 2011 is $32,359,045, before prejudgment interest.[3]
2) PAT members' losses on or after October 30, 2008 pursuant to Utah Code Ann. §61-1-22 is $23,121,069.[4]
3) PAT members' losses on or after October 30, 2008 pursuant to Utah Code Ann. §61-1-22, including treble damages is $44,744,979.[5]

In this case, I have been asked to analyze and respond to Mr. Miller's opinions and calculations, explain alternative economic loss models to correct for flaws and errors in Mr. Miller's

[2] *Miller v. Union Central Life Ins. Co., et al*, Case No. 2:14-cv-00575, (Complaint, August 5, 2014), p. 45 – 48 ("Complaint")
[3] Expert Report and Disclosure of Gil A. Miller, Case No. 2:14-cv-00575, June 26, 2017, p. 18
[4] Expert Report and Disclosure of Gil A. Miller, Case No. 2:14-cv-00575, June 26, 2017, p. 19
[5] Expert Report and Disclosure of Gil A. Miller, Case No. 2:14-cv-00575, June 26, 2017, p. 19

calculations, and to prepare alternative economic loss calculations according to these economic loss models.

F. OPINIONS TO BE EXPRESSED

OPINION 1: The complexity and inherent fraudulent characteristics of a Ponzi scheme often make them difficult to identify, discover, and unravel prior to the scheme's actual collapse. With the benefit of hindsight and access to all available data, the red flags of an investment scheme become more visible and frequently become obvious to investigators and other outside parties after the collapse of the scheme.

During my years of experience as a forensic accounting expert with the FBI, which involved the detailed investigation of numerous financial frauds around the country, I had the opportunity to objectively investigate a number of alleged Ponzi schemes while they were still in operation. In several cases, after completing the investigation, these alleged schemes proved to be poorly run businesses or poorly managed investments rather than actual Ponzi schemes or frauds.

Mr. Bowman's report also further explains that it is common to find the presence of many of the characteristics that Mr. Miller describes as "red flags", in conjunction with legitimate business operations.[6, 7]

In my experience, Ponzi Scheme operators not only typically lie to and manipulate their investors, but can be successful in deceiving other financially literate parties, including financial professionals, independent auditors, and even government regulators who have a mandate to identify and halt these specific frauds.

This case is no exception. Deception, fabrication, and misstatements were used by Mr. Randall to further his scheme and deceive his investors, his independent auditors, regulators, and the defendant in this case, Union Central. This deception included:

- Fabricating documentation to support financial statements;
- Overstating assets, returns, and investment reliability;
- Understating liabilities; and
- Understating investment risk

[6] Expert Report and Disclosure of Kent M. Bowman, Case No. 2:14-cv-00575, August 10, 2017, p. 13, Opinion 6
[7] Expert Report and Disclosure of Gil A. Miller, Case No. 2:14-cv-00575, June 26, 2017, p. 11 - 16, Opinion 2

The facts of this case are unfortunately similar to many Ponzi Schemes I have investigated. Specifically, this case includes hundreds of individuals who invested with a seemingly-legitimate business entity and who received financial information, prospectuses, and promissory notes, which contained false and misleading information which, in hindsight, led to the scheme exhibiting many of the red flags referenced by Mr. Miller. Despite these characteristics being red flags, in hindsight, none of these hundreds (and potentially thousands) of people, including investors, auditors, regulators, insurance agents, and insurance companies recognized these signs at the time the business was operating. In my experience, these signs are often missed by individuals in the moment, explained away by the perpetrator, unknown because of information not disclosed, or rationalized away by considering other possible explanations.

Evaluating the documents and transactions associated with these schemes after failure of the scheme often makes their fraudulent operations seem obvious when evaluated absent the Ponzi Scheme operator, with an unobstructed view of the results and access to all of the necessary documents to see the whole of the scheme. In many cases, the unraveling of a scheme and final determination that it is in fact a Ponzi scheme, or what is often the prerogative of a Trustee or Receiver – to determine when an entity began operating as a Ponzi scheme – takes years and hundreds (sometimes thousands) of hours of professional investigation and the gathering of thousands of reliable source documents, banking records, and accounting records, as well as conducting individual interviews. In my experience, it is not uncommon for individuals intimate with the innerworkings (and even within the accounting function) of a scheme to not understand or realize that the entity they are affiliated with is in fact a Ponzi scheme until after it has failed.

OPINION 2: The defining characteristic of a Ponzi Scheme, "using new investor money to pay earlier investors," is not revealed by examining Horizon Mortgage's 2001 audited financial statements alone. As a result, an individual would not have been able to determine, based on a review of Horizon Mortgage's 2001 audited financial statements, that Horizon Mortgage was a Ponzi scheme.

In certain fraud examinations, including a Ponzi scheme cash-flow analysis, netting cash transactions is a useful and sometimes necessary approach in assessing and, ultimately, proving that a company's operations are indicative of fraud (including that they exhibit the characteristics of a Ponzi scheme). This is frequently the case because cash is fungible and might be commingled in underlying bank accounts. This approach is frequently used to determine whether

sufficient sources of cash to pay earlier investor returns exist without the use of new investor funds.

However, this methodology for concluding that new investor money was used to pay earlier investors is only reliable if there are insufficient alternative sources of cash to cover interest and principal payments to earlier investors without relying on cash inflows from new investors during the time period analyzed. In this case, for at least 2000 and 2001, the audited financial statements that Mr. Miller relied on for his opinion indicate there were sufficient alternative sources of cash, other than new investor money, to cover investor interest and principal payments. Indeed, the two years of operations described in the audited financial statements sent to Union Central that are discussed in Mr. Miller's Opinion 2 are two years during which there were, in fact, sufficient sources of cash beyond new investor money to cover interest and principal payments to investors.

Mr. Miller states, "Horizon Mortgage was using investor money to pay earlier investors."[8] This statement appears to be based solely on Mr. Miller's review of the Horizon Mortgage financial statements, with specific reliance on the Statements of Cash Flows. He states, "The Statements of Cash Flows showed that Horizon received cash of $3,437,625 in 2001 from note and equity investors which *largely funded [Horizon's] payments of interest and principal to earlier investors*" [emphasis added].[9] Mr. Miller does not appear to consider the other potential sources of cash which are apparent in the same Statements of Cash Flows and Income Statement that could also have been used to pay earlier investors.

The following table summarizes available sources of cash inflows from sources other than new investor funds and demonstrates that there were sufficient cash inflows to cover the returns to the investors:

[8] Expert Report and Disclosure of Gil A. Miller, Case No. 2:14-cv-00575, June 26, 2017, p.14
[9] Expert Report and Disclosure of Gil A. Miller, Case No. 2:14-cv-00575, June 26, 2017, p.14

FINANCIAL STATEMENT LINE ITEMS	2001	2000
Payments received on Notes Receivable	$ 1,736,894	$ 1,365,714
Proceeds from sale of Property and Equipment	$ 146,163	$ 161,014
Total Cash Inflows from Investing Activities	**$ 1,883,057**	**$ 1,526,728**
Interest income from loans	$ 291,841	$ 496,528
Rental income	$ 347,357	$ 295,115
Commission income	$ 30,273	$ 24,448
Bad debt recovery	$ 92,927	$ 162,618
Total Inflows from Revenues (if assumed to be cash)	**$ 762,398**	**$ 978,709**
Total Available Cash Inflows	**$ 2,645,455**	**$ 2,505,437**
Cash Paid for Interest	$ (1,655,657)	$ (1,385,884)
Payments on Notes Payable	$ (573,293)	$ (742,158)
Total Investor Cash Outflows	**$ (2,228,950)**	**$ (2,128,042)**
Excess Cash Available after Investor Interest and Principal Payments	**$ 416,505**	**$ 377,395**

As demonstrated above, relying solely on company's Statements of Cash Flows may not, in all cases, provide a sufficient basis from which to draw conclusions about the sources of funds used to make interest and principal payments in a Ponzi scheme.

To the extent an individual, with or without requisite accounting skill, reviewed the audited financial statements of Horizon Mortgage for 2000 to 2001, it is reasonable he or she could have concluded that, during the time period presented, the entity had sufficient non-investor sources of cash to fund the entity's interest and principal payments to earlier investors.

OPINION 3: The proper methodology to calculate investor economic losses should account for variables in investor behavior, unrelated to the Agency Agreement, hypothetical collapse dates of the scheme, and additional actual and potential loss-mitigating actions of Mr. Randall.

<u>Economic Loss Calculation – "But For" Analysis</u>

Economic loss calculations related to negligence claims are typically calculated using a "but for" analysis methodology:

> "The primary aim in measuring damages is compensation, and this contemplates that the damages for a tort should place the injured person as nearly as possible in

the condition he would have occupied if the wrong had not occurred"[10]

This analysis method requires the expert to calculate the plaintiff's economic position as if the harmful event had not occurred and determine the difference between that position and the plaintiff's current economic position, taking into account any economic events that mitigate these economic losses.

In calculating economic losses, an expert should also consider "documentary evidence, sworn statements, and other disclosures [that] may reveal facts that influence the expert's analysis of damages."[11]

In sum, if it is proven at trial that the existence of the Agency Agreement caused a PAT member to make investments and purchase certain insurance policies, the economic loss would be calculated based on those investments and insurance policies which would have been avoided, but for the Agency Agreement. Conversely, if the events leading to the investment and insurance premium purchase would have occurred regardless of the Agency Agreement, any economic loss to the members of the PAT would not be attributable to Union Central.

In this matter, the PAT Members' claims, along with one other non-negligence related claim, include the following negligent acts ("Alleged Wrongful Conduct"):

- **Negligent Hiring.** "Union Central breached its duty to the Victims by engaging Randall as its general agent…."[12]

- **Negligent Supervision.** "*After* engaging Randall as its general agent, Union Central had a duty to adequately supervise Randall in the performance of his duties under the GA Contract, including his practices concerning the solicitation of applications for Union Central insurance policies. Union Central also had a duty to prevent Randall from causing foreseeable harms to the Victims…. Union Central deliberately and recklessly breached its duty to supervise Randall by failing to take adequate steps to prevent him from harming the Victims through the use of fraudulent and deceptive sales practices to sell the

[10] AICPA FVS Practice Aid, Discount Rates, Risk, and Uncertainty in Economic Damage Calculations (2013), p. 23
[11] AICPA FVS Practice Aid, Discount Rates, Risk, and Uncertainty in Economic Damage Calculations (2013), p. 26
[12] Complaint, p. 46

Victims expensive and unsuitable insurance products and the Horizon Notes."[13]

- **Negligent Retention.** "Union Central owed its prospective and current clients, including the Victims, a duty not to associate with a general agent that it knew or, with reasonable care should have known, posed foreseeable risk of harm to Randall's Victims. Union Central knew, or was negligent in not knowing, that Randall posed a foreseeable risk of harm to the Victims as a result of the numerous red flags of Randall's fraud…. Union Central deliberately and recklessly breached its duty to the Victims by continuing to engage Randall as its general agent…."[14]

Given these three claims, A proper economic loss analysis in this matter requires the consideration of the economic consequences, if:

(1) Union Central had not entered into the Agency Agreement (Negligent Hiring claim), or

(2) Union Central had terminated the Agency Agreement at some point in time prior to its actual termination on November 9, 2011 (Negligent Supervision and Negligent Retention claims).[15, 16]

In considering these economic consequences for calculating appropriate economic losses attributable to Union Central, one must ask, among other things, if the Agency Agreement were either (a) never entered into or (b) terminated at an earlier date, on what date would the Ponzi scheme, which is the ultimate source of economic losses in this case, collapse, if before October 12, 2011?

This question is vital to making an appropriate economic loss calculation. If, for example, the Ponzi scheme, absent Agency Agreement, would not fail prior to October 12, 2011, or if it is

[13] Complaint, p. 46-47.
[14] Complaint, p. 48-49.
[15] I have separated the three negligence claims into two categories because they can potentially have two different dates. In other words, if the Finder of Fact determines that Union Central is liable for Negligent Hiring, the economic losses would begin sometime on or after the Negligent Hiring occurs, or sometime on or after February 28, 2000. In contrast, if the Finder of Fact determines that Union Central is not liable for Negligent Hiring, but is liable for Negligent Supervision and/or Negligent Retention, the economic losses would begin at some point in time on or after the Negligent Supervision and/or Negligent Retention occurs, which would likely be after February 28, 2000.
[16] Complaint, p. 10

determinable based on available evidence that those same investors would still have either invested or remained invested after the termination of the Agency Agreement with Mr. Randall (see Opinion 4), none of the investment losses for any investors would be reasonably attributable to the Agency Agreement.

<u>Damage Dates</u>

To appropriately calculate economic losses, one of the first steps in making a calculation is to determine the date from which to start calculating economic losses for the victim and as the basis to determine their "but for" economic position. Possible dates include: "date of violation, date the violation ceased, date of trial, date of recovery, or some other date."[17] It follows that if no date is provided or can be reasonably determined, it would be impossible to make a calculation.

To calculate economic losses in this matter, several dates become important in determining the dates upon which to base the "but for" economic position of the victims:

1) The date at which the Alleged Wrongful Conduct occurred ("Negligence Date")
2) The date at which the Ponzi Scheme would actually collapse "but for" the Alleged Wrongful Conduct ("Hypothetical Collapse Date")
3) The dates of investments and returns ("Investment Dates")
4) The dates of purchase for Union Central insurance policies ("Policy Dates")

Negligence Date

In this matter, I understand that Plaintiffs intend to argue that there may be various potential Negligence Dates. In general, I have grouped these potential dates into two categories:

- Date of Hiring: In this matter the date of engagement, or the date on which Union Central entered into the Agency Agreement is February 28, 2000.[18]
- Dates of Negligent Supervision and Retention: Dates specific to these two claims or an initial date representing the negligence associated with these two claims are not provided

[17] The Litigation Services Handbook (6th Edition), Weil, section 4.24(d)
[18] Complaint, p. 45

or are not clear in the calculation performed in Mr. Miller's report. To the extent Plaintiffs intend to present one or more such potential dates at trial, I would expect each date to have its own economic loss calculation.

Hypothetical Collapse Date

Once a Negligence Date is established, the subsequent date the Ponzi scheme would actually collapse as a result of the Alleged Wrongful Conduct must also be determined in order to calculate certain economic losses.

Investment Date

After a determination of the hypothetical collapse date associated with the Ponzi scheme, and in order to calculate economic losses, the dates of investment and returns must be considered as they relate to the Negligence Date and Hypothetical Collapse Date, making adjustments for investor losses based on the "but for" economic position of the investors on those dates, as appropriate.

After determining the date on which to begin calculating economic losses in a "but for" scenario, it is also necessary to consider the following factors to appropriately calculate investment related economic losses:

1) **Investor Behavior:** Investor behaviors and actions that would be influenced by and also those that would not be influenced by the Agency Agreement.

2) **Mr. Randall's Behaviors and Abilities:** Mr. Randall's abilities to keep, entice, lull or otherwise maintain and gain new investor relationships regardless of the Agency Agreement. I have discussed this behavior and ability further in Opinion 4 as it relates to Mr. Randall's ability to continue to operate the Ponzi Scheme following actual periods of cash flow shortages. Given the nature of a Ponzi scheme, Mr. Randall's abilities to retain and gain new investors are interrelated to his abilities to prolong the duration of the scheme, thereby preventing or delaying its collapse. In determining appropriate loss calculations, this ability and his actions must be considered in extending the duration of the Ponzi Scheme.

Investor Behavior

A proper economic loss calculation must take into account a reasonable economic position of the PAT Members' investments given an early termination of the Agency Agreement. Several factors would determine the PAT Members' investment status at the determined Negligence Date and Hypothetical Collapse Date "but for" the agency agreement. I have identified two general groups of investors based on their behaviors in association with the Agency Agreement as described in their investor questionnaire responses:

1) Investors who would have never invested with Mr. Randall without the Agency Agreement being in place ("Soft Investors"). Soft Investors reflect those seeking a life insurance policy who also purchased a promissory note. Because they were not seeking a promissory note investment, the Soft Investors likely would not have purchased a promissory note absent an insurance agency relationship between the Randall Enterprise and a life insurance company such as Union Central.

2) Investors who had already or would have invested with Mr. Randall regardless of the Agency Agreement ("Solid Investors"). Solid Investors reflect investors seeking an investment in a promissory note who may or may not have also purchased a life insurance policy. Because they sought a promissory note investment, the accounting evidence and my experience investigating and analyzing Ponzi schemes indicates to me that Solid Investors would have likely invested in the promissory notes with or without the Agency Agreement.

Ultimately, the categorization of investors based on the above described criteria must be done on an individual investor basis and will depend on the facts and circumstances for each investor. In order to categorize investors as described herein, I have utilized the questionnaires provided by PAT Members, PAT Member related interrogatories, as well as PAT Member depositions.[19]

[19] PAT Member questionnaires, interrogatories, and depositions

In my review of the PAT Member related interrogatories I did not find sufficient information to categorize these investors as described above.

To the extent that a PAT Member was not deposed or did not complete and provide the investor questionnaire, I have insufficient information to understand their perspective on the purpose of their investment at this time.[20] I reserve the right to amend my calculations pending their testimony at trial or receipt of additional information related to these PAT Members.

Soft Investors

According to the questionnaires signed by the PAT Members, the vast majority (93.1%) of the PAT Members were not seeking insurance policies when they approached the Randall Enterprise. Rather, they sought out investments in promissory notes and some of the PAT Members also bought insurance policies in connection with the promissory notes. Specifically, only 15 PAT Members, or 6.9%, of the 217 PAT members who completed questionnaires, appear to have sought an insurance policy first and ended up also investing in a promissory note. These 15 PAT Members would be considered Soft Investors based on the categorization I've described above. The remaining 202 PAT Members (93.1%) who sought an investment in a promissory note from the Randall Enterprise would be considered Solid Investors.

In my review of the depositions of several PAT Members in this case, I found that their introduction to Mr. Randall came not through their looking for an insurance agent, or a Union Central affiliated organization, but they were rather referred, as is common for Ponzi scheme investments I have investigated, through those who had personal relationships to Mr. Randall because they understood and believed he offered a lucrative and reliable investment opportunity.[21] The association and affiliation with Union Central appears, at most, secondary to the investment and, although that might be important to some, would not have made investors unable to find Mr. Randall.

Calculation of investment losses for this category of investors would be as follows, depending on

[20] On July 18, 2017, a "Joint stipulation to dismiss the claims of certain members of the PAT" was filed with the court. I have excluded these claims from my calculations because I understand all of these dismissed member claims also did not complete questionnaires.
[21] PAT Investor Depositions

the negligence claim:

1) If the Trier of Fact determines liability for the Negligent Hiring claim, economic losses would include all investment losses (investments less returns) for Soft Investors from the engagement date of February 28, 2000, until the collapse of the Ponzi scheme on October 12, 2011. This is to put the investor in the same place economically they would have been in "but for" the Agency Agreement. In other words, these investors would never have invested.

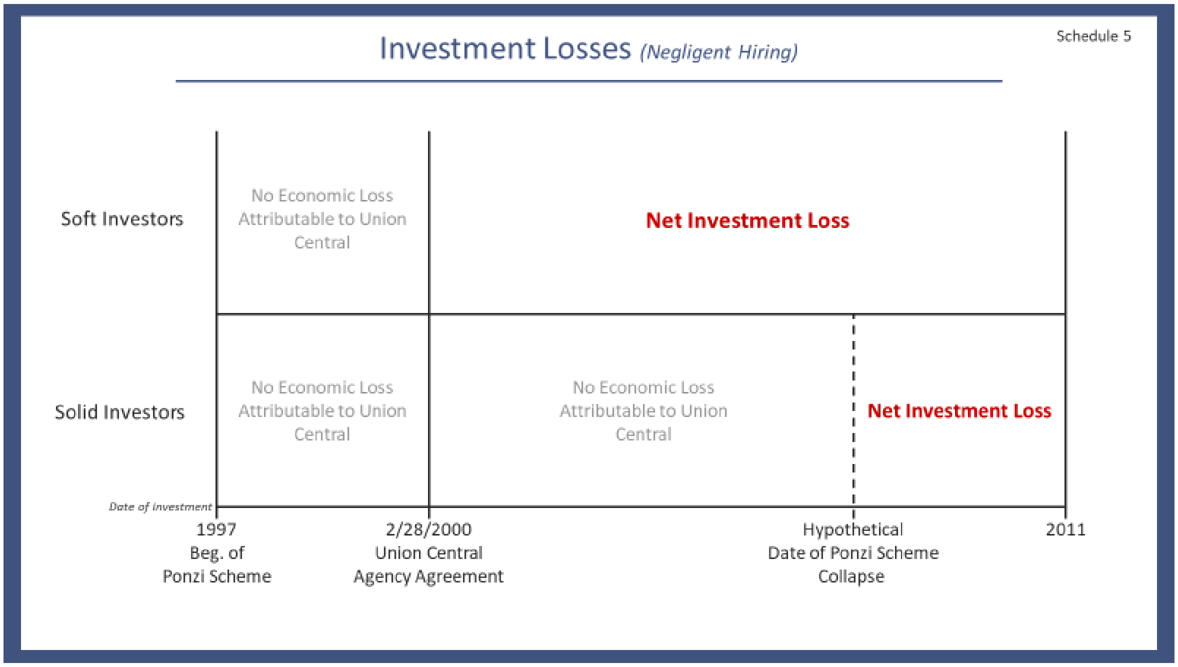
If the Trier of Fact finds Negligent Supervision or Retention, economic losses sustained by the Soft Investors would only include investment losses after the Negligence Date. This is to put the investor in the same place economically that they would have been at that date had Union Central terminated the agency relationship, and they had not invested until after that date.

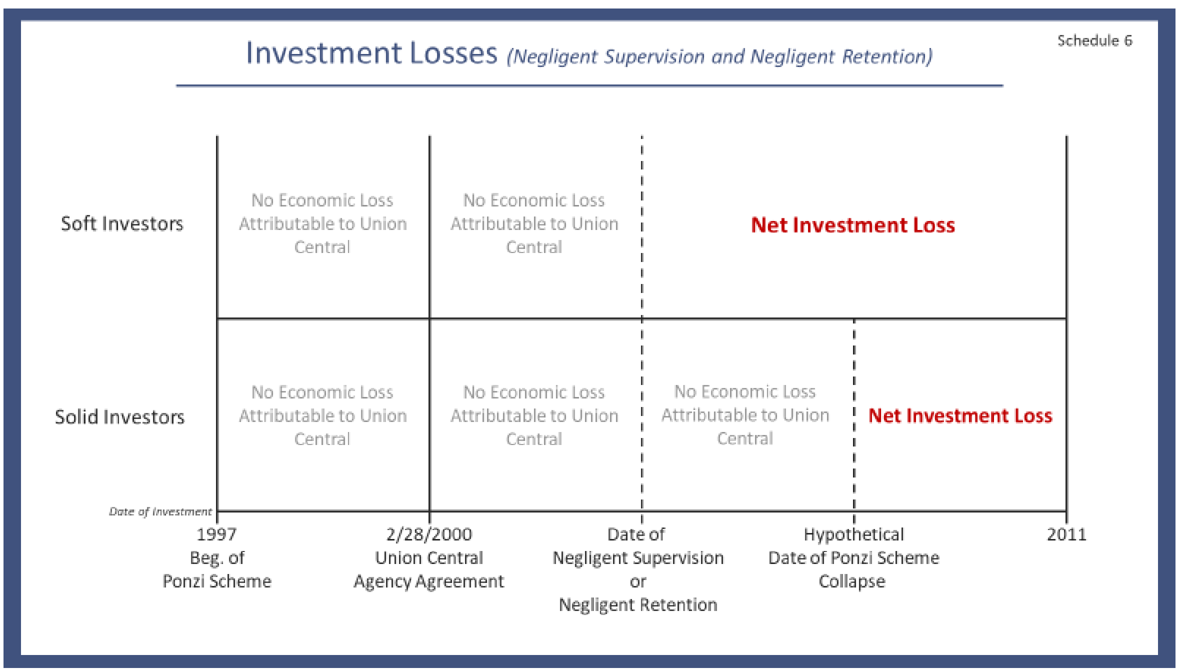
Solid Investors

As detailed above, according to the available PAT investor questionnaires, 93.1% of the 217 responding PAT Members, or 202 PAT Members, approached the Randall Enterprise with intentions to make an investment. These 202 PAT Members include investors who invested with Horizon as early as 1996, prior to the Agency Agreement. This evidence indicates to me, consistent with other Ponzi schemes both involving insurance agents and without, that these investors would have invested or continued to invest with the Randall Enterprise based on the investment offerings, regardless of the Agency Agreement.

For this category of investors, because their investments do not appear to be reliant on the Randall Enterprise's relationship with Union Central, the Solid Investors' investment losses do not begin until the Randall Enterprise would have collapsed as a result of Union Central's alleged negligence, which is described above and in Opinion 4 as the Hypothetical Collapse Date. In other words, the damage date related to any of the three negligence claims for these investors would not start until the scheme actually collapsed, because their investment was not related to Union Central's engagement, but rather the loss they suffered, if attributable to Union Central's actions, would only have been affected by Union Central's Alleged Wrongful Conduct not causing the scheme to actually collapse at an earlier date.

The following graphics represent the appropriate loss calculation methodology for each of these groups given the different negligence scenarios.





Policy Dates

Similar to the calculations of economic losses related to the Soft Investors' investments, the dates on which certain Union Central insurance policies were purchased, specifically in

relationship to the negligence dates, is necessary to determine the “but for” position of the policy holders and their resultant economic losses related to their payments on those policies.

This “but for” analysis would include calculating premium payments of premium amounts and/or partial payment amounts that meet the following criteria:

(1) The policy purchased was in excess of the policyholder’s life insurance needs or was inappropriate based on their financial circumstances;

(2) The premium paid exceeded what would have been paid for appropriate coverage; and

(3) The policy was terminated solely based on the failure of the scheme.

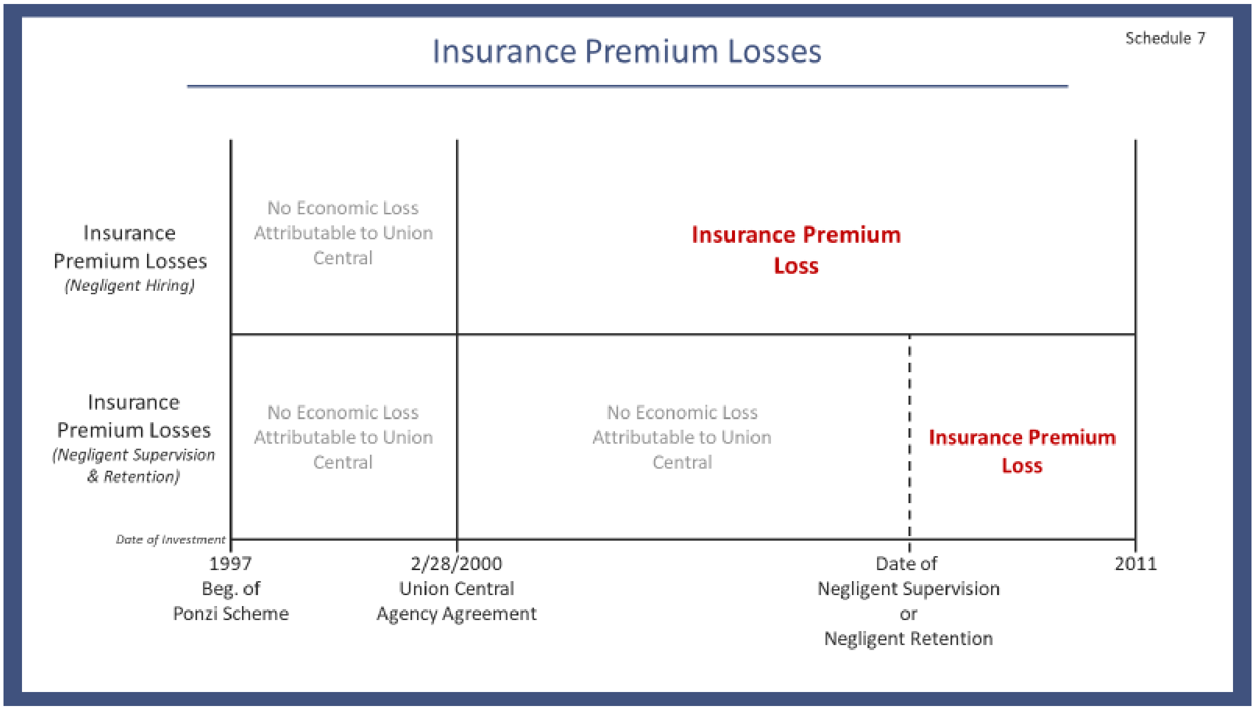
As with the investment loss calculations, these criteria must be measured on an individual investor or in this case policyholder basis. For example, if a policyholder would have purchased the same policy from another insurance company, the liability of Union Central for collecting that premium would not be related to its Alleged Wrongful Conduct and the policyholder would have suffered no loss. In fact, a review of investor questionnaires indicates that certain investors had policies with other insurance agencies or obtained policies with other agencies and utilized the Randall Enterprise investment only as means to cover the premium payments of the policy with the other insurance company.

Due to the lack of sufficient data available and the number of variables required to answer each of the criteria identified above for each PAT investor on a policyholder by policyholder basis, I do not believe it is possible to calculate a reasonable economic loss of the PAT investors related to insurance premiums.

To make an appropriate calculation, would require the consultation of an insurance expert to evaluate each policyholder and policy, and determine the proper policy amounts and corresponding premiums. The economic loss would then be calculated, similar to the Soft Investor losses, based on calculated premium losses after the negligence date.

The following graphic represents the appropriate economic loss calculation methodology for the

insurance premium losses given the different negligence scenarios.



OPINION 4: The available data in the case is insufficient to determine a reasonable date the scheme would have collapsed as a result of Union Central's alleged negligence or that such a collapse would even occur prior to the date of actual collapse of the scheme when the Trustee caused all of the Randall Entities to file bankruptcy on October 12, 2011.

Determining a hypothetical date of a Ponzi scheme's failure depends on a number of variables and is based on both the Ponzi scheme facilitator's ability to find additional cash inflows as well as his ability to delay payments of principal and interest to current investors until alternative sources can yield additional cash flow.

In my experience, Ponzi scheme operators often, if not in all cases, employ various techniques which enable their Ponzi schemes to continue for a period of time when faced with shortfalls in cash, changes in economic conditions, and regulatory investigations. The period of time over which these tactics might extend the life of a Ponzi scheme can vary from as little as a few months to, in some cases, a "full" recovery sufficient to allow the scheme to continue for many

years into the future. Examples of these tactics include the following: [22]

- Inducing investors to roll investments over or re-invest into investments rather than taking cash withdrawals;
- Inducing investors to reinvest interest payments, adding to their principal amounts, rather than taking regular cash disbursements;
- Offering new investments with higher rates of return or fictitious guarantees;
- Requiring additional lead time to cash out principal amounts;
- Delaying interest and principal payments for a period until the related investment recovers;
- Finding new investors or other sources of funds;
- Utilizing hard money lenders;
- Finding new referral sources for new investors; and
- Claiming to find new investment opportunities that will generate high returns

Conversely, it is not my experience that Ponzi operators give up when they lose a potential funding source or source of referrals. Rather, my experience indicates that Ponzi operators give up when either their assets are frozen by regulators; investors force the Ponzi operator to file for bankruptcy; or the operator has tried some or all of the items listed above and has reached a point where there is nothing more the Ponzi operator can reasonably do to keep the scheme from collapsing.

The evidence in this case demonstrates that, at some point prior to the summer of 2009, Mr. Randall began to employ many of these very tactics to prolong the scheme.[23] Mr. Randall began sending letters to his investors, which included references to his efforts and success in delaying

[22] Although many of these tactics are based on my own experience, the SEC's website also mentions many of these same tactics and factors that can delay the collapse of a scheme (Ref: https://www.sec.gov/fast-answers/answersponzihtm.html)
[23] Letter to Investors (Spring 2009), PATTRUST0019739

payments, developing and offering new investments, finding new sources for cash flow, and enticing investors to forgo cash interest payments by adding those payments instead to their principal amounts.[24]

These letters show an apparent adept, but not an uncommon, ability for an individual running a fraud scheme to keep investor funds in the scheme despite cash-flow issues. As Mr. Randall states in a letter on January 5, 2011, 92% of his investors were interested in keeping their investments with Horizon.[25] This is remarkable even after the cash shortages experienced for what appears to be over two years.

Quotes from Mr. Randall's letters include:

> Early-Mid 2009: "Thank you again for your patience these last few months as we have been later with your interest payments. We believe we are getting the cash flow issues resolved…. Several of you have since asked us about the investment opportunities available…Horizon Financial Center I: This is a <u>real estate secured investment.</u> This is a <u>registered securities[sic].</u> The first 30 blocks sold will earn a fifteen percent annual return. The remaining 59 blocks sold will earn a seven and three fourths percent annual return…. Maple Heights Townhomes: (Available May 30th)…MCS Auto Sales Dealership.... This will be available in the summer of 2009 and terms are to be determined."[26]

> September 3, 2009: "Since the meeting we have made good progress in pulling our cash from some of our project or having loans due paid back to us…. We still feel very confident we will be able to bring interest current in September…. Going forward we will be back on track with little if any delay."[27]

> November 18, 2009: "As you know we have yet to resolve our cash flow issues…we have secured a credit line against assets that we have…. We are confident with the long

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[24] Letters to Investors 2009 through 2011, PATTRUST0019739 - PATTRUST0019746
[25] Letter to Investors (January 5, 2011), PATTRUST0019743
[26] Letter to Investors (early 2009), PATTRUST0019739
[27] Letter to Investors (September 3, 2009), PATTRUST0019740

term stability of the companies. We just need to get past the cash flow issue."[28]

March 31, 2010: "We are confident we will be in a position to send your monthly interest each month going forward…. Please review each choice, choose one…A. Please take my October, November, December, January, February, March, and April payment and add it to my balance, also add the equivalent of one month's interest to my balance as a bonus…B. Please pay my October November, December, January, February, March and April interest payments to me in December 2010."[29]

January 5, 2011: "I have been able to meet and speak with almost all of you…. over 92% of you have expressed a strong desire to leave your investment with the Horizon Group of Companies…. It will be difficult for us to pay interest for the next 90 days"[30]

February 16, 2011: "We will resume interest payments in April and we will start interest and principle[sic] payments to you in June."[31]

Mr. Randall's actions beginning in early 2009 delayed a potential collapse of the scheme until the Trustee caused the Randall Enterprise entities to file bankruptcy on October 12, 2011("Actual Collapse"), demonstrating that Mr. Randall had the ability to continue the scheme, for at least a time, when faced with difficulties and cash flow shortages.

The actual time-period over which Mr. Randall may have actually been able to continue the scheme given any number of circumstances and points in time, is not apparent and would be incalculable given the many variables, including economic factors, that would have to be considered.[32]

Consistent with these facts, Mr. Miller's report does not indicate a date or hypothetical date that the scheme would fail absent the Agency Agreement. Importantly, the report does not provide any date on which it could reasonably be determined that the scheme would fail in the absence of

[28] Letter to Investors (November 18, 2009), PATTRUST0019741
[29] Letter to Investors (May 31, 2010), PATTRUST0019742
[30] Letter to Investors (January 5, 2011), PATTRUST0019743, PATTRUST0019744
[31] Letter to Investors (February 16, 2011), PATTRUST0019746
[32] This includes considering periods in time, such as 2000 – 2001, when Horizon had sufficient alternative inflows of cash to pay investor interest and principal payments without reliance on new investor funds (See Opinion 2)

or after termination of the Union Central agency agreement. While Mr. Miller describes at length, but generally, the importance of Horizon Financial to the Randall Enterprise, his use of the word "likely" in discussing the collapse or exposure of the scheme demonstrates his acknowledgement that this date is indeterminable with any level of reasonable certainty. Mr. Miller's statements are as follows:

> "But for the influx of investor cash being directed Randall's way by the [Horizon Financial] Union Central agents, his scheme would ***likely*** have been exposed and collapsed much earlier" [emphasis added].[33]

> "…without the revenues Horizon Insurance generated from commissions on insurance sales, the Randall Enterprise would ***likely*** have collapsed from the inability to pay its operating expenses and make payments to investors" [emphasis added].[34]

It has not been established from any of the data in the case, financial or otherwise, that the Randall Enterprise would have collapsed at any date earlier than its Actual Collapse. In the first quote cited above, Mr. Miller references likely "exposure" of the scheme, which ignores the fact that other third parties had reviewed the same and/or more detailed financial information at various points during the scheme, without resulting in the scheme's exposure or collapse.[35]

As mentioned previously, Ponzi scheme operators will take extraordinary steps, including making false statements and creating fictitious documents, to hide the truth of their scheme from investigators, investors, regulators, and others. As is the case with Mr. Randall, he employed various techniques to fool investors, regulators, auditors, and others, allowing his scheme to continue during periods of time when his financial situation was in question, including making false statements and fabricating financial documents and support.[36]

Further, as is the fact in this case, the Randall Enterprise operations as a Ponzi scheme was not readily apparent until Mr. Randall filed bankruptcy, the U.S. Trustee's office appointed Mr.

[33] Expert Report and Disclosure of Gil A. Miller, Case No. 2:14-cv-00575, June 26, 2017, p. 6
[34] Expert Report and Disclosure of Gil A. Miller, Case No. 2:14-cv-00575, June 26, 2017, p. 6
[35] This includes investors, independent and licensed CPA auditors, and government regulators
[36] This includes various documents supporting the audit performed by Stayner Bates, investor prospectus, and documents and financial statements provided to Union Central.

Miller as Trustee of the Randall Enterprise, and Mr. Miller was able to closely review the financial statements and transactions of the company, determining later that it was exhibiting the characteristics of a Ponzi scheme and that those activities were intertwined among various Randall entities, requiring their consolidation.[37]

Thus, the determination of a reasonably reliable date of collapse of the Randall Enterprise Ponzi scheme is not possible, eliminating the ability of a damage expert to conclude the date upon which to calculate the "but for" economic position of the categorized Solid Investors.

OPINION 5: The victim loss calculation in Mr. Miller's report is not calculated using an appropriate methodology. The methodology and calculations are inconsistent with the facts of the case and contain errors.

The methodology used to measure losses in Mr. Miller's report is not a conventional method of measuring economic losses for a case such as this, such as the standard methodologies described in various texts, which I have described above in Opinion 3.

While no particular text is believed to be authoritative, the excerpts from the Litigation Services Handbook and AICPA Practice Aids, referenced in Opinion 3 above, include the requirement to measure economic losses using a "but for" analysis method and ensuring the loss calculated is a reflection of the actual economic losses at question in the matter. This is fair representation of what is accepted practice in measuring economic losses in this type of a case.

The calculation methodology used by Mr. Miller to determine the "summary of victim loss" totaling $32,359,045, is typically performed, appropriate, and approved by the many courts, as mentioned in Mr. Miller's report, for use in calculating total "investment losses" and "investor claims" for victims of a Ponzi scheme.[38] This calculation methodology is often used to determine the total loss of the investors regardless of liability in the case, and would only be appropriate to use when determining total investment losses for the Ponzi scheme, such as determining total restitution amounts to be paid by the individual responsible for running the Ponzi scheme.

[37] Expert Report and Disclosure of Gil A. Miller, Case No. 2:14-cv-00575, June 26, 2017, p. 3
[38] Expert Report and Disclosure of Gil A. Miller, Case No. 2:14-cv-00575, June 26, 2017, p. 16 and footnote 47

Reliance on the loss calculation methodology used in Mr. Miller's report would be appropriate if the damage award was meant to place the PAT members in the same economic position they would have been, if:

1) Mr. Randall never began operation of a Ponzi scheme; or
2) The investors never invested in the Randall Enterprise.

However, the claims in this case are related to specific Alleged Wrongful Conduct which is based on the Agency Agreement and association of the Randall Enterprise with Union Central. Each of the acts in question are or must be associated with specific dates and the economic consequences of certain events in order to perform proper economic loss calculations.

In my opinions 3 and 4 above I have described methods and considerations that must be accounted for to appropriately calculate economic losses in this matter. In sum, I have reviewed the calculations and methodology in Mr. Miller's report, and found that the methodology and resulting calculations contradict the facts in the accounting data and other pertinent and available information in the case. These contradictions include the following:

1) The calculation includes losses for investors who invested prior to the Agency Agreement. The calculation includes investors from as early as June 1996, over 3.5 years prior the engagement of the Union Central via the Agency Agreement.
2) The methodology does not identify the investors who only invested in the Randall Enterprise because of the Union Central relationship, but has rather included all investors.
3) The calculation is not based on an established date the Union Central agreement would have been terminated (or not entered into). I would expect to see at least two dates: February 28, 2000 for the negligent hiring claim and some later date of termination for the negligent supervision and negligent retention claims. These dates would each require a separate calculation.
4) The methodology used has established neither (1) that the Randall Enterprise would collapse absent the Agency Agreement nor (2) the time frame or date for when Ponzi would hypothetically collapse absent the Union Central relationship. In fact, the report only states the scheme would "likely" fail or be "exposed" earlier.

5) The calculation does not reflect or place the PAT members in an accurate or reasonable economic position, absent the Union Central agency agreement and/or "but for" the defendant's alleged conduct.
6) The calculations in the report contains certain errors, specifically related to calculations of insurance premium payments, including:[39]
    A. Double-counting certain insurance premium payment amounts
    B. Including certain Term Policy premium payment amounts
    C. Including certain premium amounts related to active policies; and
    D. Ignoring certain policy amounts on terminated policies that should be included given his methodology

OPINION 6: Mr. Miller has not provided calculations for the economic loss attributable to the Negligent Hiring, Negligent Supervision, and Negligent Retention claims.

When a plaintiff claims to have suffered from multiple causes of action by the defendant (as in this matter), it is not uncommon for those claims to result in various distinct economic consequences. In matters involving various claimed acts, the Alleged Wrongful Conduct is typically analyzed by the damage expert in order to identify the number of "distinct economic consequences" that are likely to have occurred as a result of the various claims being made.

A "distinct economic consequence" refers to an economic impact caused by one of the defendant's alleged wrongful acts that is a different consequence than the financial impact caused by a different alleged act of wrongful conduct. For example, in this case, an investor loss resulting from Union Central not entering into the Agency Agreement on February 28, 2000 and the investor loss resulting from Union Central not terminating the agency agreement on, for example January 1, 2002, or January 1, 2009, are all events that are expected to have different economic consequences to each PAT investor. If different acts are most reasonably expected to have a different economic consequence than other claimed acts, economic losses are conventionally segregated so that there is a separate calculation for any Alleged Wrongful

[39] For convenience, I have provided a schedule recalculating the investor premium loss in Mr. Miller's report, which details by policyholder the errors in the calculations. See Schedules 4.1 and 4.2.

Conduct that has a unique economic consequence.[40] Two different economic loss amounts are typically calculated in order to provide the Finder of Fact with a basis for measuring economic losses in the event the Defendant is found liable for only one of the claimed consequences.

The calculations contained in Mr. Miller's report offer only one calculation and, based on the dates of the calculations and/or lack of identification of different dates or resultant economic consequences that would be associated with any other dates, I cannot see that the calculation provided is an economic loss calculation that is specific or could be applied to any of the three negligence claims.

Thus, if the trier of fact finds for the Plaintiff on any of the three negligence claims, Mr. Miller has not provided any economic loss calculation.

OPINION 7: If the trier of fact finds for the Plaintiff and also determines a date on which damages actually occurred, the loss related to any negligence attributable to Union Central is, at most, between $0 and $961,923 in investment losses for Soft Investors and, at most, between $0 and $1,757,989 in PAT Member investor premium losses.

Below, I have utilized the methodology described in my opinions 3 and 4 above to estimate the economic consequences the PAT Members suffered, assuming the Finder of Fact determines Union Central behaved wrongfully.

Because the Negligence Date and Hypothetical Collapse Date cannot be or have not been provided by the plaintiff or Mr. Miller, I have provided a rolling calculation of potential economic losses should the Trier of Fact conclude negligence occurred and a reasonable date on which to calculate economic losses is determined.

INVESTMENT LOSSES

I began my calculations utilizing Mr. Miller's Exhibit 10 as a basis for determining PAT Member investments and returns, which already includes, as Mr. Miller references in his report, returns made to investors based on the Trustee's efforts.[41]

[40] In some instances, the difference in damages is considered immaterial or impractical and therefore separate calculations may not be performed.

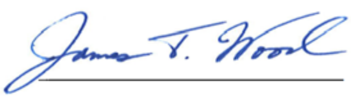
[41] Expert Report and Disclosure of Gil A. Miller, Case No. 2:14-cv-00575, June 26, 2017, p. 16

I then reviewed the PAT Member information and data to identify “Soft Investors” and excluded “Solid Investors” from my calculation. This resulted in investor losses for 15 investors ranging from $961,923 beginning February 2000, and $0 if it is determined the scheme would not have collapsed until its Actual Collapse on October 12, 2011. Schedule 1 reflects a rolling investment loss calculation by date. Schedule 2 contains a PAT Member loss summary that is alphabetical by last name.

INSURANCE PREMIUM LOSSES

I have also recalculated Mr. Miller’s insurance premium losses, accounting for the errors noted in my opinion 5. Although I do not agree with the soundness of the calculation and methodology utilized in Mr. Miller’s calculation, I felt it prudent to provide a properly calculated number following his methodology. The total loss associated with these premium payments under this methodology would range from $0 to $1,757,989, depending on the ultimate determination of the Negligence Date.[42] A detailed listing of these losses is located in Schedules 3 and 4.

Respectfully Submitted,



James T. Wood, CPA/CFF, CFE
Principal

[42] On July 18, 2017, a “Joint stipulation to dismiss the claims of certain members of the PAT” was filed with the court. I have excluded these claims from my calculations; however, the insurance premium loss calculation, if these dismissed claims are included is $2,237,790 (See Schedule 4.1).

Documents Relied Upon

Appendix A

1. *Miller v. Union Central Life Insurance Company, et al.* , Case. No. 2:14-cv-00575, (Complaint, Aug. 5, 2014) (D. Utah);
2. Report and Disclosure of Gil A. Miller in Gil A, *Miller Trustee of the Randall Victims Private Actions Trust vs. Union Central Life Insurance Company, et al.* , Case. No. 2:14-cv-00575, including attached exhibits
3. Reports and Declarations by Trustee's expert, John Curtis, in Miller v. Union Central Life Insurance Company, et al., Case. No. 12-02385 and Case No. 13-02023, including attached exhibits
4. Stayner & Associates, LLC, *Financial Statements for the Years Ended December 31, 2002 and 2001 and Independent Auditors' Report* , Horizon Mortgage and Investment, Inc., March 13, 2003 and May 2, 2003 (not included in exhibits for Curtis reports).
5. Stayner Bates & Jensen, P.C., *Audit Budget for Horizon Mortgage & Investment, Inc.* , Dec. 31, 2008.
6. QuickBooks "Profit & Loss" statements and "Balance Sheets," Horizon Financial & Insurance, Jan. 2003-Dec. 2011;
7. Note Purchase Agreement effective as of August 1, 2005 by and between Horizon Financial & Insurance Group, Inc. and Horizon Mortgage and Investment Inc.;
8. Promissory Note from Horizon Financial to Independent Financial and Investment, Aug. 1, 2005;
9. Sales Contract Agreement – Real Estate (between Horizon Mortgage and Investment, Inc. and Horizon Financial & Insurance Group, Inc. Jun. 30, 2006;
10. Secured Promissory Note from Horizon Financial & Insurance, Inc. and Independent Financial & Investment, Jun. 30, 2006;
11. Appraisal of Real Property located at 1505 W. 1220 North, Layton, Utah, Mar. 17, 2002 and auditor notes;
12. Secured Promissory Note from Horizon Financial & Insurance Group, Inc. and Horizon Mortgage & Investment, Dec. 31, 2008;
13. Fast Answers: Ponzi Schemes, www.sec.gov/fast-answers/answersponzihtm.html.
14. *Forensic & Valuation Services Practice Aid, Forensic Accounting—Fraud Investigations, (AICPA, 2014)*
15. Thomas W. Golden, Teven L. Skalak, and Mona M. Clayton, *A Guide to Forensic Accounting Investigation* Chapter 7, p. 111; p. 13 (Wiley, 2006).
16. *Miller v. Union Central Life Insurance Company, et al.* Case No. 2:14-Cv-00575-Jnp-Pmw, (Plaintiff's Objections And Responses To Defendant's First Set Of Interrogatories, Nov 2, 2015)
17. *Miller v. Union Central Life Insurance Company, et al.* , Case No. 2:14-Cv-00575-Jnp-Pmw, (Plaintiff's First Supplemental Objections And Responses To Defendant's First Set Of Interrogatories, Jun 2, 2016)
18. *Miller v. Union Central Life Insurance Company, et al.* , Case No. 2:14-Cv-00575-Jnp-Pmw, (Plaintiff's Second Supplemental Objections And Responses To Defendant's First Set Of Interrogatories, Apr 26, 2017)
19. *Miller v. Union Central Life Insurance Company, et al.* , Case No. 2:14-Cv-00575-Jnp-Pmw, (Plaintiff's Third Supplemental Objections And Responses To Defendant's First Set Of Interrogatories, Jul 14, 2017)
20. Miller, v. Union Central Life Insurance Company, et al, Case No. 2:14-Cv-00575-Jnp-Pmw, (Joint Stipulation To Dismiss The Claims Of Certain Members Of The Private Actions Trust, Jul 18, 2017)
21. Deposition Transcripts and Exhibits of PAT members:
22. Allen, Russell
23. Allred, Gerald
24. Bradshaw, Mark
25. Clements, Allen
26. Floyd, Cathryn
27. Hooper,Danita
28. Hoyle, Jana
29. Hyer, Alan
30. Peterson, Bryan
31. Reber, Kenneth
32. Robbins, Carl OBO Trapper Trails Council of the Boy Scouts of America
33. Shern, Joseph
34. Strickland, Kirk
35. Tice, Thomas
36. Investor Questionnaires (PATTRUST0174865-PATTRUST0197335)
37. Expert Report and Disclosure of Kent M. Bowman, Case No. 2:14-cv-00575, August 10, 2017
38. AICPA FVS Practice Aid, Discount Rates, Risk, and Uncertainty in Economic Damage Calculations (2013)
39. The Litigation Services Handbook (6^{th} Edition), Roman L. Weil, Daniel G. Lentz, and Elizabeth A. Evans
40. Letters to Investors 2009 through 2011, PATTRUST0019739 - PATTRUST0019746
41. Union Central Insurance Data (UNION CENTRAL 0404362)
42. Audit workpapers from Stayner Bates for HMI Audit (For years 2001-2009)

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Mr. Wood is a Principal at Lone Peak Valuation Group and specializes in fraud and forensic accounting examinations. He has extensive experience investigating and quantifying losses from Ponzi schemes, embezzlements, mortgage frauds, securities frauds, advance fee schemes, FCPA violations, public corruption, money laundering, check kiting, bankruptcy frauds, and cybercrimes. His previous positions include work as an FBI forensic accountant, where he conducted criminal investigations and supervised the Bureau's Forensic Accountant Support Team, a select group of FBI forensic accountants, based in Washington DC, responsible for conducting highly complex financial investigations across the United States and internationally. In conjunction with his fraud and forensic accounting examinations, Mr. Wood has testified in Federal Court and at Grand Jury proceedings. Mr. Wood also has extensive experience as a college instructor, teaching graduate and undergraduate courses on financial and forensic accounting.

Mr. Wood is a Certified Public Accountant and is Certified in Financial Forensics by the American Institute of Certified Public Accountants. He is also a Certified Fraud Examiner.

Professional Experience

2017 to Present	**Lone Peak Valuation Group** *Principal* Salt Lake City, UT
2016 to 2017	**StoneTurn Group** *Managing Director* Washington, DC
2010 to 2016	**Federal Bureau of Investigation** Supervisory Forensic Accountant Washington, DC
2007 to 2010	**PricewaterhouseCoopers, LLP** *Senior Associate* Salt Lake City, Utah

Teaching Experience

2015 to 2017 — **American University**
Adjunct Instructor
Washington, DC

2015 to 2016 — **The George Washington University**
Lecturer
Washington, DC

2013 to 2014 — **University of Utah**
Associate Instructor
Salt Lake City, UT

Education

Masters of Accounting — Salt Lake City, Utah
University of Utah, 2008

BS Accounting — Salt Lake City, Utah
University of Utah, 2007

PROFESSIONAL CREDENTIALS

Certified Public Accountant (Licensed in Utah), 2009
Certified Fraud Examiner (Association of Certified Fraud Examiners), 2009
Certified in Financial Forensics (American Institute of Certified Public Accountants), 2017

PROFESSIONAL MEMBERSHIPS

American Institute of Certified Public Accountants
Association of Certified Fraud Examiners

PRESENTATIONS

"Forensic Accounting Overview" FBI New Agent Training, Quantico, VA, Quarterly 2014 – 2016

"Conducting Financial Investigations" State Police, Dubai, United Arab Emirates, May 2015

"Interviewing Techniques" University of Utah, Salt Lake City, Utah, April 2014

"Bribery and Corruption Investigations" National Accountability Bureau, Islamabad, Pakistan, August 2013

PRIOR TESTIMONY

United States of America v. Robert L. Holloway

Lone Peak Valuation Group

Gil A. Miller, Trustee of the Randal Victims PAT vs. Union Central, et al.

PAT Investment Loss and Rolling Economic Loss Calculation **Schedule 1**

Data Source: Expert Report and Disclosure of Gil A. Miller, Case No. 2:14-cv-00575, June 26, 2017, Exhibit 10

Name	Investment and Economic Loss Calculation Date	Invested Amount	Amount Returned	Net Victim Investment Loss By Investment	Rolling Economic Loss by Negligent State
	02/28/2000				$ 961,922.96
Elizondo, Victoria B	02/10/2003	$ 10,491.48	$ 7,461.14	$ 3,030.34	958,892.62
The Boyce Family	09/29/2003	150,000.00	104,131.01	45,868.99	913,023.63
The Boyce Family	02/18/2004	50,000.00	32,988.16	17,011.84	896,011.79
The Boyce Family	04/26/2004	200,000.00	128,653.83	71,346.17	824,665.62
Fujiki, Martin	08/31/2004	10,000.00	5,400.78	4,599.22	820,066.40
Stucki, Dixie	08/31/2004	17,311.43	9,045.38	8,266.05	811,800.35
Stucki, Dixie	08/31/2004	1,685.11	880.48	804.63	810,995.72
Williams, Stephen & Nancy	09/17/2004	25,000.00	14,777.03	10,222.97	800,772.75
Reist, Charles and Virginia	10/01/2004	50,000.00	20,938.93	29,061.07	771,711.68
Condie, Thomas Alan	11/18/2004	41,184.28	30,054.75	11,129.53	760,582.15
Condie, Jean Kendell	12/31/2004	17,486.89	8,682.48	8,804.41	751,777.74
Frodsham, Bret	04/13/2006	120,000.00	39,477.76	80,522.24	671,255.50
Fujiki, Martin	06/28/2006	37,861.53	15,054.73	22,806.80	648,448.70
Kinyon, Jerry	09/30/2006	164,730.87	65,739.65	98,991.22	549,457.48
The Boyce Family	10/26/2006	189,160.00	79,789.93	109,370.07	440,087.41
Stucki, Carl and Karissa	12/05/2007	15,969.55	3,654.27	12,315.28	427,772.13
Stucki, Carl and Karissa	12/05/2007	1,811.26	414.47	1,396.79	426,375.34
Stucki, Carl and Karissa	12/14/2007	1,191.78	270.87	920.91	425,454.43
Reist, Charles and Virginia	12/11/2008	60,000.00	9,692.02	50,307.98	375,146.45
Bladen, B Kent	03/11/2009	73,179.72	35,034.07	38,145.65	337,000.80
Saltas, Terry P	11/25/2009	100,000.00	20,552.39	79,447.61	257,553.19
Fisher, Randy	02/17/2011	60,000.00	15,317.11	44,682.89	212,870.30
Fisher, Randy	04/07/2011	100,000.00	17,901.10	82,098.90	130,771.40
Day, Brandi	07/13/2011	165,692.56	34,921.16	130,771.40	-
				$ 961,922.96	

PAT Investment Loss By Investor **Schedule 2**

Data Source: Expert Report and Disclosure of Gil A. Miller, Case No. 2:14-cv-00575, June 26, 2017, Exhibit 10

Name from Investors	Amount Invested	Amount Returned	Net Investment Lost
Bladen, B Kent	$ 73,179.72	$ 35,034.07	$ 38,145.65
Condie, Jean Kendell	17,486.89	8,682.48	8,804.41
Condie, Thomas Alan	41,184.28	30,054.75	11,129.53
Day, Brandi	165,692.56	34,921.16	130,771.40
Elizondo, Victoria B	10,491.48	7,461.14	3,030.34
Fisher, Randy	160,000.00	33,218.21	126,781.79
Frodsham, Bret	120,000.00	39,477.76	80,522.24
Fujiki, Martin	47,861.53	20,455.51	27,406.02
Kinyon, Jerry	164,730.87	65,739.65	98,991.22
Reist, Charles and Virginia	110,000.00	30,630.95	79,369.05
Saltas, Terry P	100,000.00	20,552.39	79,447.61
Stucki, Carl and Karissa	18,972.59	4,339.61	14,632.98
Stucki, Dixie	18,996.54	9,925.86	9,070.68
The Boyce Family	589,160.00	345,562.93	243,597.07
Williams, Stephen & Nancy	25,000.00	14,777.03	10,222.97
			$ 961,922.96

Net Premium Economic Loss Calculation **Schedule 3**

Data Source:Union Central Insurance Data (UNION CENTRAL 0404362)

Name	Net Premium Lost
Allred, Geri L	$ 9,407.44
Anderson, Nancy	72,076.01
Bergenthal, Kenneth	243,506.72
Bladen, B Kent	189,101.32
Brown, James Terry	27,279.36
Clements, Allen G	7,879.49
Crowl, Nancy A	23,687.22
Crowl, William D	46,328.76
Currey, Julia	25,842.16
Elizondo, Victoria B	83,885.67
Farnes, Loree D	20,014.98
Fluckiger, Blaine	33,800.14
Fluckiger, Debra	20,223.37
Frodsham, Bret	58,840.96
Frodsham, Kristi	32,713.60
Gelter, Aaron	5,133.23
Goss, Tyson	38,232.68
Handy, Joan	13,255.00
Hansen, Wayne	74,733.65
Hooper, Danita	80,322.97
Jaggi, Allen	113,236.53
Jaggi, Heidi B	9,345.84
Jens Nicholas Alexander Dienst Irrevocable Trust	7,299.00
Maughan, Josiah	6,378.21
Milne, Robert Brent	143,988.81
Nichol, Gerald	77,717.50
Pendleton, Mitchell K	20,627.40
Petersen, Donald R	10,185.75
Saltas, Terry P	8,650.12
Savage, Brett	29,896.35
Squire, Curtis E	16,719.03
Squire, Tina S	12,076.34
Stinger, Janalee	17,800.50
Stokes, Norma	55,777.68
Tice, Ava A	36,720.00
Tice, Thomas C	45,769.84
Vigil, Geneil	18,535.55
Vigil, Gerald	21,000.00
	$ 1,757,989.18

Adjusted Net Premium Loss and Rolling Adjusted Net Premium Loss **Schedule 4**

Data Sources: Union Central Insurance Data (UNION CENTRAL 0404362)

Name	Policy Number	Date of Policy	Adjusted Net Premium Lost	RollingNet Premium Loss by Negligent State
		02/28/2002		$ 1,757,989.18
Brown, James Terry	L000007436	08/02/2002	$ 27,279.36	1,730,709.82
Elizondo, Victoria B	L000007770	11/15/2002	56,848.65	1,673,861.17
Milne, Robert Brent	L000008327	03/15/2003	143,988.81	1,529,872.36
Stokes, Norma	L000009141	09/22/2003	55,777.68	1,474,094.68
Elizondo, Victoria B	L000010392	04/15/2004	9,646.82	1,464,447.86
Bergenthal, Kenneth	L000009998	04/25/2004	157,850.00	1,306,597.86
Nichol, Gerald	L000011078	07/08/2004	77,717.50	1,228,880.36
Hansen, Wayne	L000011335	10/20/2004	74,733.65	1,154,146.71
Savage, Brett	L000010733	11/01/2004	29,896.35	1,124,250.36
Elizondo, Victoria B	L000011611	11/15/2004	17,390.20	1,106,860.16
Anderson, Nancy	L000011375	01/26/2005	18,922.56	1,087,937.60
Jaggi, Allen	L000013264	10/26/2005	83,312.69	1,004,624.91
Jaggi, Jane	L000013265	10/26/2005	17,763.13	986,861.78
Crowl, Nancy A	L000013632	12/08/2005	23,687.22	963,174.56
Crowl, William D	L000013631	12/08/2005	46,328.76	916,845.80
Tice, Thomas C	L200000046	01/31/2006	36,720.00	880,125.80
Tice, Ava A	L200000045	01/31/2006	36,720.00	843,405.80
Frodsham, Bret	L200000313	04/05/2006	58,840.96	784,564.84
Frodsham, Kristi	L200000314	04/05/2006	32,713.60	751,851.24
Maughan, Josiah	L200000384	05/04/2006	6,378.21	745,473.03
Farnes, Loree D	L200000662	08/03/2006	20,014.98	725,458.05
Anderson, Nancy	L200001412	08/29/2006	41,797.86	683,660.19
Anderson, Nancy	L200001413	09/29/2006	11,355.59	672,304.60
Currey, Julia	L200002408	04/10/2007	25,842.16	646,462.44
Clements, Allen G	L200004343	09/22/2007	7,879.49	638,582.95
Vigil, Geneil	L200003916	10/01/2007	18,535.55	620,047.40
Vigil, Gerald	L200003915	10/01/2007	21,000.00	599,047.40
Hooper, Danita	L200004709	11/21/2007	13,500.27	585,547.13
Hooper, Danita	L200004706	11/25/2007	15,011.76	570,535.37
Hooper, Danita	L200004707	11/25/2007	17,252.95	553,282.42
Hooper, Danita	L200004708	11/25/2007	19,546.23	533,736.19
Hooper, Danita	L200004710	11/25/2007	15,011.76	518,724.43
Bergenthal, Kenneth	L200005423	01/10/2008	85,656.72	433,067.71
Tice, Thomas C	L200005997	02/28/2008	9,049.84	424,017.87
Allred, Geri L	L200005863	03/03/2008	9,407.44	414,610.43
Petersen, Donald R	L200005901	05/06/2008	10,185.75	404,424.68
Jaggi, Heidi B	L200006187	05/14/2008	9,345.84	395,078.84
Squire, Curtis E	L200006427	05/15/2008	16,719.03	378,359.81
Squire, Tina S	L200006425	05/15/2008	12,076.34	366,283.47
Pendleton, Mitchell K	L200006403	07/16/2008	20,627.40	345,656.07
Fluckiger, Blaine	L200006694	07/20/2008	33,800.14	311,855.93
Fluckiger, Debra	L200006696	07/20/2008	20,223.37	291,632.56
Bladen, B Kent	L200008376	03/21/2009	189,101.32	102,531.24
Jens Nicholas Alexander Dienst Irrevocable Trust	L200008374	04/28/2009	7,299.00	95,232.24
Goss, Tyson	L200009599	10/01/2009	38,232.68	56,999.56
Jaggi, Allen	L200010333	10/15/2009	12,160.71	44,838.85
Handy, Joan	L200010673	11/03/2009	13,255.00	31,583.85
Saltas, Terry P	L200010064	12/09/2009	8,650.12	22,933.73
Gelter, Aaron	L200011179	01/05/2010	5,133.23	17,800.50
Stinger, Janalee	L200011705	05/20/2010	17,800.50	-
			$ 1,757,989.18	

Lone Peak Valuation Group

Gil A. Miller, Trustee of the Randal Victims PAT vs. Union Central, et al.

Premium Loss Calculation **Schedule 4.1**

Data Sources:

<1> Expert Report and Disclosure of Gil A. Miller, Case No. 2:14-cv-00575, June 26, 2017, Exhibit 10

<2> Union Central Insurance Data (UNION CENTRAL 0404362)

Name	<1> Net Premium Lost Per Miller Report	<2> Adjusted Net Premium Lost	Amount of Error	
Adams, Donald	$ 40,304.65	$ -	$ 40,304.65	[c]
Allred, Geri L	18,814.88	9,407.44	9,407.44	[a]
Anderson, Nancy	53,153.45	72,076.01	(18,922.56)	[a]
Baker, Jesse Wayne	31,334.00	31,334.00	-	[d]
Barratt, Craig and Sheri	9,840.96	-	9,840.96	[a]
Bennett, A Gary	32,631.33	-	32,631.33	[b]
Bergenthal, Kenneth	139,980.12	243,506.72	(103,526.60)	[a]
Bird, Gary A	52,230.00	-	52,230.00	[c]
Bladen, B Kent	756,405.28	189,101.32	567,303.96	[a]
Bladen, Christine M	21,648.00	-	21,648.00	[b]
Bradshaw, Mark	196,446.74	-	196,446.74	[b]
Brown, James Terry	-	27,279.36	(27,279.36)	[a]
Clements, Allen G	36,177.54	7,879.49	28,298.05	[a]
Conger, L Reed	91,250.00	91,250.00	-	[d]
Crowl, Nancy A	47,374.44	23,687.22	23,687.22	[a]
Crowl, William D	92,657.52	46,328.76	46,328.76	[a]
Currey, Julia	-	25,842.16	(25,842.16)	[a]
Day, Brandi	17,818.00	-	17,818.00	[b]
Dover, Patrick A	11,982.40	187,907.16	(175,924.76)	[a], [d]
Elizondo, Victoria B	-	83,885.67	(83,885.67)	[a]
Equitrust Life Insurance Company	8,446.37	6,675.02	1,771.35	[a], [d]
Farnes, Loree D	40,029.96	20,014.98	20,014.98	[a]
Fluckiger, Blaine	54,023.51	33,800.14	20,223.37	[a]
Fluckiger, Debra		20,223.37	(20,223.37)	[a]
Fonnesbeck, Chris J	5,090.00	-	5,090.00	[a]
Frodsham, Bret	366,218.24	58,840.96	307,377.28	[a]
Frodsham, Kristi		32,713.60	(32,713.60)	[a]
Gelter, Aaron	5,563.37	5,133.23	430.14	[a]
Gibson, Brent	14,554.86	-	14,554.86	[a]
Gilbert, John	1,389.08	-	1,389.08	[a]
Gledhill, Brent	18,778.88	-	18,778.88	[a]
Goss, Tyson	76,465.36	38,232.68	38,232.68	[a]
Haas, Jr Paul F	10,589.76	-	10,589.76	[a]
Handy, Joan	30,765.75	13,255.00	17,510.75	[a]
Hansen, Shane L	10,553.81	10,553.81	-	[d]
Hansen, Wayne	-	74,733.65	(74,733.65)	[a]
Hiatt, Julie	23,947.84	-	23,947.84	[a]
Hooper, Danita	80,322.97	80,322.97	-	
Jaggi, Allen	113,236.53	113,236.53	-	
Jaggi, Heidi B	9,345.84	9,345.84	-	
Jens Nicholas Alexander Dienst Irrevocable Trust	14,164.00	7,299.00	6,865.00	[a]
Killpack, Bevan D	124,792.92	-	124,792.92	[a]
Leavitt, Jack	36,000.00	-	36,000.00	[b]
Lueders, Edward	631.24	-	631.24	[b]
Maughan, Josiah	6,655.00	6,378.21	276.79	[a]
Milne, Robert Brent	143,989.00	143,988.81	0.19	[a]
Morgan, Gary B	10,452.14	-	10,452.14	[a]
Myers, Darin R.	1,862.80	-	1,862.80	[a]

Premium Loss Calculation **Schedule 4.1**

Data Sources:
<1> Expert Report and Disclosure of Gil A. Miller, Case No. 2:14-cv-00575, June 26, 2017, Exhibit 10
<2> Union Central Insurance Data (UNION CENTRAL 0404362)

Name	<1> Net Premium Lost Per Miller Report	<2> Adjusted Net Premium Lost	Amount of Error	
Nichol, Gerald	-	77,717.50	(77,717.50)	[a]
Pederson, Justin	2,919.62	-	2,919.62	[a]
Pendleton, Mitchell K	-	20,627.40	(20,627.40)	[a]
Petersen, Donald R	10,185.75	10,185.75	-	
Pope, Lorenzo	107,795.23	83,051.28	24,743.95	[a], [d]
Rawlings, Gennifer	844.35	-	844.35	[a]
Rawlings, Jody and Gennifer	16,762.18	-	16,762.18	[a]
Rowberry, Paul & Janice	5,616.00	-	5,616.00	[a]
Saltas, Terry P	8,650.12	8,650.12	-	
Samara Alexis Alina Dienst Irrevocable Trust	14,164.00	-	14,164.00	[a]
Savage, Brett	8,260.98	29,896.35	(21,635.37)	[a]
Shern, Joseph C	1,069.46	-	1,069.46	[a]
Smith, Jonathan	43,169.82	-	43,169.82	[a]
Smith, Matt M and Tonya C	6,444.80	-	6,444.80	[a]
Squire, Curtis E	66,664.39	16,719.03	49,945.36	[a]
Squire, Tina S		12,076.34	(12,076.34)	[a]
Stinger, Janalee	17,800.50	17,800.50	-	
Stocker, Randal	6,963.52	-	6,963.52	[a]
Stokes, Norma	6,924.00	55,777.68	(48,853.68)	[a]
Bell, Theodore	55,785.12	55,785.12	-	[d]
Tice, Thomas C	169,846.14	45,769.84	124,076.30	[a]
Tice, Ava A		36,720.00	(36,720.00)	[a]
Torres, Dana	5,598.41	4,170.61	1,427.80	[a], [d]
Weaver, Scot D	11,046.72	9,074.22	1,972.50	[a], [d]
Vigil, Geneil	39,536.00	18,535.55	21,000.45	[a]
Vigil, Gerald	18,535.55	21,000.00	(2,464.45)	[a]
Watson, Troy G. and Kalynn	26,050.08	-	26,050.08	[a]
	$ 3,508,551.28	**$ 2,237,790.40**	**$ 1,270,760.88**	

Notes:
[a] Calculation Error
[b] Active and/or Term policy
[c] Policy Not found in Union Central Data
[d] I understand that on July 18, 2017, a “Joint stipulation to dismiss the claims of certain members of the PAT” was filed with the court. I show these claims above for the sole purpose of calculating the differences between my calculated Net Premiums Lost and those of Mr. Miller.

Premium Loss Calculation - Excluding Stipulated Dismissed PAT Members **Schedule 4.2**

Data Sources:
<1> Expert Report and Disclosure of Gil A. Miller, Case No. 2:14-cv-00575, June 26, 2017, Exhibit 10
<2> Union Central Insurance Data (UNION CENTRAL 0404362)

Name	<1> Net Premium Lost Per Miller Report	<2> Adjusted Net Premium Lost	Amount of Error	
Adams, Donald	$ 40,304.65	$ -	$ 40,304.65	[c]
Allred, Geri L	18,814.88	9,407.44	9,407.44	[a]
Anderson, Nancy	53,153.45	72,076.01	(18,922.56)	[a]
Barratt, Craig and Sheri	9,840.96	-	9,840.96	[a]
Bennett, A Gary	32,631.33	-	32,631.33	[b]
Bergenthal, Kenneth	139,980.12	243,506.72	(103,526.60)	[a]
Bird, Gary A	52,230.00	-	52,230.00	[c]
Bladen, B Kent	756,405.28	189,101.32	567,303.96	[a]
Bladen, Christine M	21,648.00	-	21,648.00	[b]
Bradshaw, Mark	196,446.74	-	196,446.74	[b]
Brown, James Terry	-	27,279.36	(27,279.36)	[a]
Clements, Allen G	36,177.54	7,879.49	28,298.05	[a]
Crowl, Nancy A	47,374.44	23,687.22	23,687.22	[a]
Crowl, William D	92,657.52	46,328.76	46,328.76	[a]
Currey, Julia	-	25,842.16	(25,842.16)	[a]
Day, Brandi	17,818.00	-	17,818.00	[b]
Elizondo, Victoria B	-	83,885.67	(83,885.67)	[a]
Farnes, Loree D	40,029.96	20,014.98	20,014.98	[a]
Fluckiger, Blaine	54,023.51	33,800.14	20,223.37	[a]
Fluckiger, Debra		20,223.37	(20,223.37)	[a]
Fonnesbeck, Chris J	5,090.00	-	5,090.00	[a]
Frodsham, Bret	366,218.24	58,840.96	307,377.28	[a]
Frodsham, Kristi		32,713.60	(32,713.60)	[a]
Gelter, Aaron	5,563.37	5,133.23	430.14	[a]
Gibson, Brent	14,554.86	-	14,554.86	[a]
Gilbert, John	1,389.08	-	1,389.08	[a]
Gledhill, Brent	18,778.88	-	18,778.88	[a]
Goss, Tyson	76,465.36	38,232.68	38,232.68	[a]
Haas, Jr Paul F	10,589.76	-	10,589.76	[a]
Handy, Joan	30,765.75	13,255.00	17,510.75	[a]
Hansen, Wayne	-	74,733.65	(74,733.65)	[a]
Hiatt, Julie	23,947.84	-	23,947.84	[a]
Hooper, Danita	80,322.97	80,322.97	-	
Jaggi, Allen	113,236.53	113,236.53	-	
Jaggi, Heidi B	9,345.84	9,345.84	-	
Jens Nicholas Alexander Dienst Irrevocable Trust	14,164.00	7,299.00	6,865.00	[a]
Killpack, Bevan D	124,792.92	-	124,792.92	[a]
Leavitt, Jack	36,000.00	-	36,000.00	[b]
Lueders, Edward	631.24	-	631.24	[b]
Maughan, Josiah	6,655.00	6,378.21	276.79	[a]
Milne, Robert Brent	143,989.00	143,988.81	0.19	[a]
Morgan, Gary B	10,452.14	-	10,452.14	[a]
Myers, Darin R.	1,862.80	-	1,862.80	[a]
Nichol, Gerald	-	77,717.50	(77,717.50)	[a]
Pederson, Justin	2,919.62	-	2,919.62	[a]
Pendleton, Mitchell K	-	20,627.40	(20,627.40)	[a]
Petersen, Donald R	10,185.75	10,185.75	-	
Rawlings, Gennifer	844.35	-	844.35	[a]

Premium Loss Calculation - Excluding Stipulated Dismissed PAT Members **Schedule 4.2**

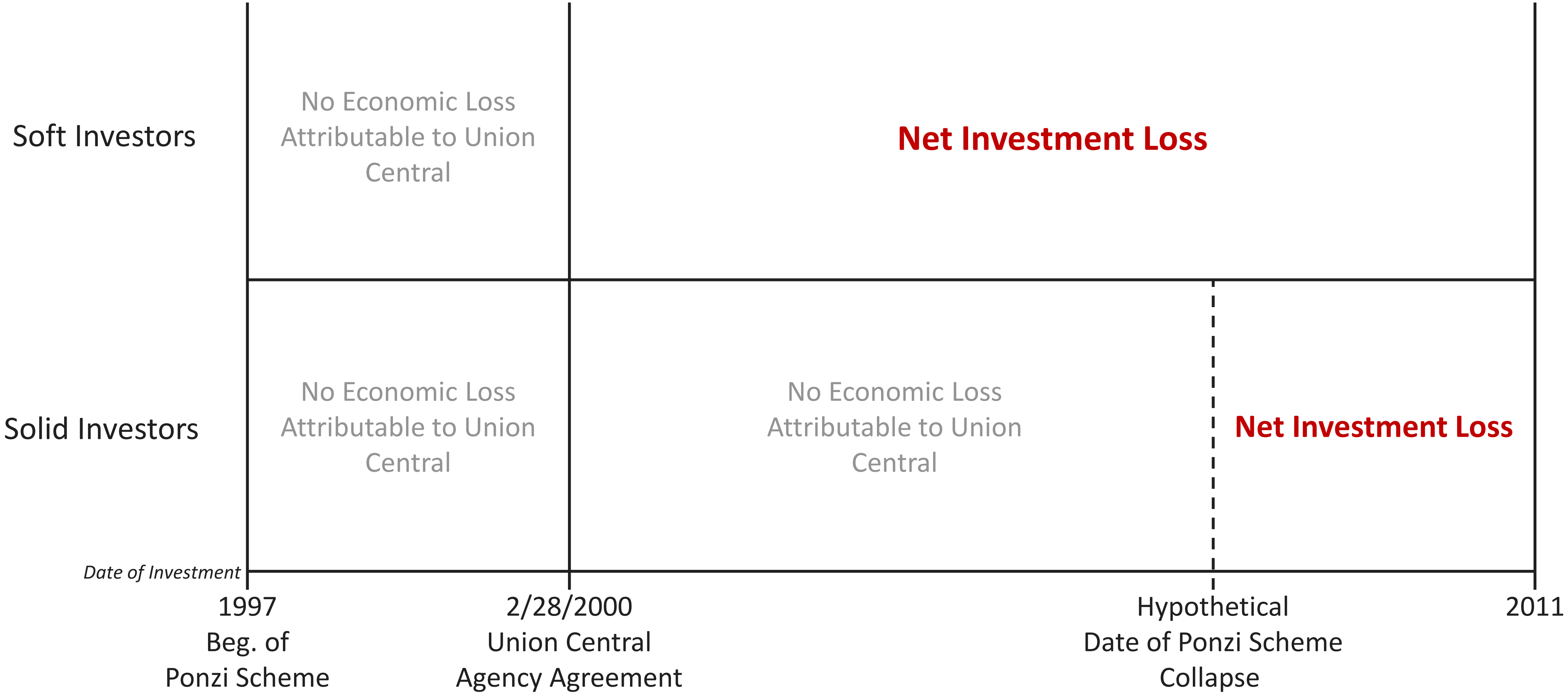
Data Sources:
<1> Expert Report and Disclosure of Gil A. Miller, Case No. 2:14-cv-00575, June 26, 2017, Exhibit 10
<2> Union Central Insurance Data (UNION CENTRAL 0404362)

Name	<1> Net Premium Lost Per Miller Report	<2> Adjusted Net Premium Lost	Amount of Error	
Rawlings, Jody and Gennifer	16,762.18	-	16,762.18	[a]
Rowberry, Paul & Janice	5,616.00	-	5,616.00	[a]
Saltas, Terry P	8,650.12	8,650.12	-	
Samara Alexis Alina Dienst Irrevocable Trust	14,164.00	-	14,164.00	[a]
Savage, Brett	8,260.98	29,896.35	(21,635.37)	[a]
Shern, Joseph C	1,069.46	-	1,069.46	[a]
Smith, Jonathan	43,169.82	-	43,169.82	[a]
Smith, Matt M and Tonya C	6,444.80	-	6,444.80	[a]
Squire, Curtis E	66,664.39	16,719.03	49,945.36	[a]
Squire, Tina S		12,076.34	(12,076.34)	[a]
Stinger, Janalee	17,800.50	17,800.50	-	
Stocker, Randal	6,963.52	-	6,963.52	[a]
Stokes, Norma	6,924.00	55,777.68	(48,853.68)	[a]
Tice, Thomas C	169,846.14	45,769.84	124,076.30	[a]
Tice, Ava A		36,720.00	(36,720.00)	[a]
Vigil, Geneil	39,536.00	18,535.55	21,000.45	[a]
Vigil, Gerald	18,535.55	21,000.00	(2,464.45)	[a]
Watson, Troy G. and Kalynn	26,050.08	-	26,050.08	[a]
	$ 3,174,759.22	**$ 1,757,989.18**	**$ 1,416,770.04**	

Notes:
[a] Calculation Error
[b] Active and/or Term policy
[c] Policy Not found in Union Central Data

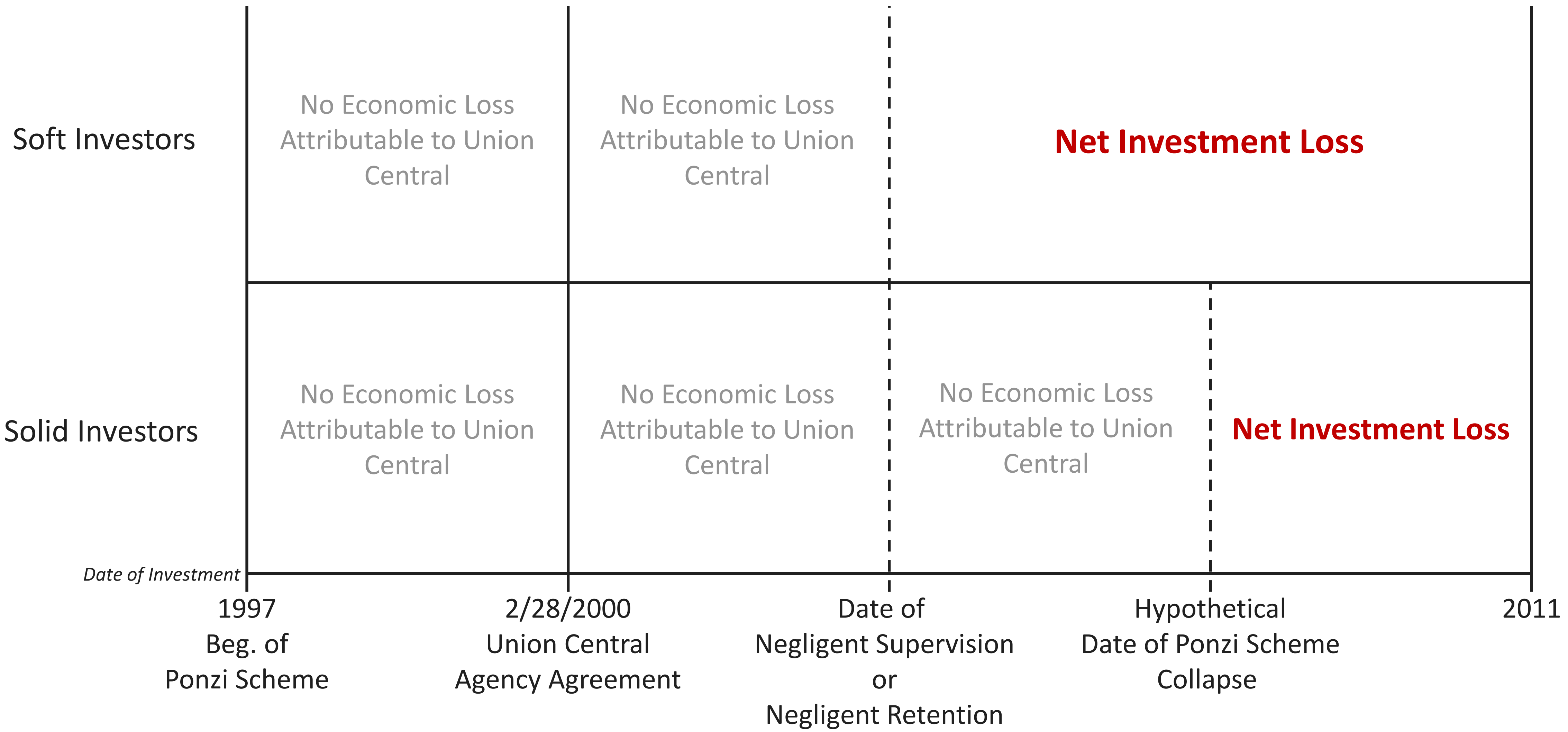
Schedule 5

Investment Losses *(Negligent Hiring)*



Schedule 6

Investment Losses *(Negligent Supervision and Negligent Retention)*



Schedule 7

Insurance Premium Losses